

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
April 8, 2004
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on April 8, 2004 in the Auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Elzie Higginbottom, Members Violet Clark, Gary Peterlin, William Dugan and William Fanning.

Chairman Higginbottom convened the April 8, 2004 Regular Meeting at 10:41 A.M. in the 3rd floor Board Conference Room. Member Clark moved that **pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, the Board retire to Closed Session to discuss the items listed under Closed Session on today's (April 8, 2004) agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Dugan seconded the motion. The Board adopted the motion by unanimous consent and retired to closed session.

The Board convened its Open Session at 3:30 P.M.

Chairman's Report

Chairman Higginbottom announced that there were a number of items on the agenda to be tabled.

Chairman Higginbottom announced that this week marks the launching of the ticket vouchering technology (TITO) in the State of Illinois. Chairman Higginbottom announced that there are a number of facilities that are up and running with TITO.

Chairman Higginbottom explained that casino patrons who play electronic gaming devices would now be paid their winnings with a ticket printed out by the machine rather than by tokens. Chairman Higginbottom stated that the tickets could then be put into another machine for play or redeemed for cash.

Chairman Higginbottom stated that TITO would help make Illinois licensees more competitive.

Chairman Higginbottom thanked Acting Deputy Chief Legal Counsel, Michael Fries, and Staff members Trudy Curtis and Eleni Markos for all of their hard work to make TITO a success.

Chairman Higginbottom stated that a little more than three weeks ago the Board selected the winning bidder, who would purchase Emerald Casino, Inc., pending the outcome of the suitability investigation by the Board's Staff. Chairman Higginbottom stated that many have asked the Board to explain its decision that the Isle of Capri in Rosemont is the best site for the 10th Illinois casino license. Chairman Higginbottom stated that the answer is simple – the Board followed the process dictated by the laws that were developed when this Board was established. Chairman Higginbottom stated that the Board was formed with the sanction of House Speaker Mike Madigan and Senate President Emil Jones. Chairman Higginbottom stated that the Board members have been asked to serve by two Governors of this State. Chairman Higginbottom stated that Attorney General Lisa Madigan developed a list of steps that she wished for the Board to take in the process of selecting the final bidder while overseeing the bankruptcy of Emerald Casino. Chairman Higginbottom stated that the well-respected New York financial firm, Rothschild, Inc., was selected by the Illinois Gaming Board staff along with the Board to represent Emerald in the handling of the auction of the Emerald license.

Chairman Higginbottom stated that the Attorney General informed the Board that if they did not agree with the choice made by Rothschild, the Board would have to explain in detail their decision in writing. Chairman Higginbottom stated that after completing a thorough financial analysis, considered growth patterns, location, and potential tourism dollars, the Board came up with the same choice as Rothschild, Inc. – Isle of Capri. Chairman Higginbottom stated that the Attorney General then publicly asked that the Board explain its choice in detail.

Chairman Higginbottom stated that the Board's selection of the Isle of Capri has drawn sharp criticism from the Attorney General, the President of the Senate, and the media. Chairman Higginbottom stated that the Board knew that it would be criticized no matter what decision it made. Chairman Higginbottom stated that some now want to "do away" with the Board because of its decision, and the fact that it did not mesh with their politics. Chairman Higginbottom stated that in his opinion that is a preposterous notion.

Chairman Higginbottom stated that this Board is made up of professionals from all backgrounds with strong financial experiences. Chairman Higginbottom stated that Staff, dedicated as it is, does not have the knowledge of financing like Rothschild, Inc.

Chairman Higginbottom stated that the Board asked Staff to bring them information on all three finalist for the 10th license. Chairman Higginbottom stated that the Board was given material and financial reports, which they reviewed and analyzed. Chairman Higginbottom

stated that the Board both agreed and disagreed with some of the information that Staff provided. Chairman Higginbottom stated that the Board analyzed all aspects of the information.

Chairman Higginbottom stated that when Rosemont and Des Plaines were compared equally it was the Board's standpoint that Rosemont came out ahead. Chairman Higginbottom stated that the Board voted for the Isle of Capri because, in their opinion, it would produce more income for the State than any other proposal. Chairman Higginbottom stated that the Board considered how much tax revenue would be generated for the State of Illinois. Chairman Higginbottom stated that the decision is not about a community but rather about tax revenue.

Chairman Higginbottom stated that soon after the Board made its decision they were criticized by Attorney General Lisa Madigan for selecting Isle of Capri in Rosemont. Chairman Higginbottom stated that he was surprised that the Attorney General made such comments regarding Rosemont. Chairman Higginbottom stated that the Board was simply following the bidding process that the Attorney General staff had negotiated with Emerald. Chairman Higginbottom stated that the bidding process dictated that every community in the State could play host to the 10th casino license. Chairman Higginbottom stated that the Attorney General didn't state that Rosemont was off limits when she developed the reorganization plan. Chairman Higginbottom stated that on January 20, 2004, the Board announced that seven bidders had made offers to purchase Emerald Casino, Inc. Chairman Higginbottom stated that three of the bidders were looking to build in Rosemont. Chairman Higginbottom stated that the Attorney General did not contact the Board at that time to say that Rosemont was not a good site. Chairman Higginbottom stated that on February 23, 2004, the Board selected three final bidders for the Emerald license. Chairman Higginbottom stated that out of the final three, one bidder was seeking to build in Rosemont. Chairman Higginbottom stated that no one criticized the site at that time. Chairman Higginbottom stated that if there were any problems with the Village of Rosemont the Attorney General and other interested parties should have spoken up at that time rather than remain mute for so long.

Chairman Higginbottom stated that much has been written about Rosemont, Mayor Stephens, and his alleged mob links to organized crime. Chairman Higginbottom stated that he has never met Mayor Stephens, nor has he ever spoken to Mayor Stephens on the phone.

Chairman Higginbottom stated that it is true that Staff provided the Board with information regarding the alleged links that Mayor Stephens has with organized crime. Chairman Higginbottom stated that some of the information was old. Chairman Higginbottom stated that the Board asked for more recent reports, but it takes time to gather that information. Chairman Higginbottom stated that at the time that the Board made its decision, it did not have recent information. Chairman Higginbottom stated that if casinos can operate cleanly in Las Vegas and Atlantic City with stringent regulations, they can also flourish in Illinois. Chairman Higginbottom stated that this would be the most closely scrutinized casino ever. Chairman Higginbottom stated that the Board has fined one of its licensees a fine of more than \$3 million dollars. Chairman Higginbottom stated that the Board fined another licensee

\$2 million dollars. Chairman Higginbottom stated that the licensees fined still have their license, but serious infractions could strip those licenses. Chairman Higginbottom stated that Isle of Capri is investing over a half a billion dollars for a one-year license. Chairman Higginbottom stated that the State's share of that half a billion dollars would be approximately \$380 million dollars.

Chairman Higginbottom stated that the licensee would not be Mayor Stephens or Rosemont. Chairman Higginbottom stated that the licensee would be Isle of Capri. Chairman Higginbottom stated that with the bankruptcy court's approval and the reorganization plan, Isle of Capri will file an application for licensure with the Illinois Gaming Board. Staff would then, under its policy and procedure, begin its suitability determination. Chairman Higginbottom stated that at this point the suitability determination has not been completed.

Chairman Higginbottom stated that if all goes well, the Board would issue a one-year license to Isle of Capri. Chairman Higginbottom stated that the Board, as well as the press, members of the public, members of other State and law enforcement agencies, and members of the Federal Government enforcement agencies would oversee that license.

Chairman Higginbottom stated that he feels that it is important to point out that this Board approves every vendor, employee, supplier, builder, tradesman, and merchant before a contract can be signed. Chairman Higginbottom stated that the Board has full confidence in its decision.

Administrator's Report

Interim Administrator Tamayo stated that in Closed session today, the Board discussed Empress Casino's request to waive the Two-Meeting Rule and sale of vessel, and Par-A-Dice Casino's request to refinance current credit facility of over \$1billion dollars.

Interim Administrator Tamayo stated that the Board also discussed extensively Emerald Casino and personnel.

Interim Administrator Tamayo stated that with regards to personnel, Staff learned that the Governor's Office has decided not to renew Joe Haughey's, Deputy Administrator of Enforcement, term with the Gaming Board. Interim Administrator Tamayo announced that Mr. Haughey's replacement is Luis Tigera, a State police officer who was previously the Operations Officer for Zone 1, District 15. Interim Administrator Tamayo stated that Mr. Tigera started with the Gaming Board on March 16, 2004 as Deputy Administrator of Enforcement. Interim Administrator Tamayo stated that Mr. Haughey would be remaining with the Gaming Board for the next several months to help assist with the transition.

Interim Administrator Tamayo announced that Mark Pilgrim has started with the Gaming Board as the supervisor at the Grand Victoria Casino.

Interim Administrator Tamayo stated that the Board is in the process of filling additional vacancies.

Interim Administrator Tamayo announced that on April 7, 2004, Casino Queen and Alton Belle Casino went “live” with Ticket Vouchering Technology. Interim Administrator Tamayo stated that Par-A-Dice Casino should be going “live” with the technology today. Interim Administrator stated that staff from the Internal Controls Unit has worked extensively to approve the computer system upgrades that are necessary to authorize the technology.

Interim Administrator Tamayo announced that most of the casinos would be going “live” by the end of April. Interim Administrator Tamayo stated that Staff is anticipating having a field trial test period for the next several months. Interim Administrator Tamayo stated that the three labs – Gaming Laboratories International, BMM Test Labs, and GSS, will be coming back to Illinois approximately 120 –180 days after a casino goes “live” to retest the entire system.

Interim Administrator Tamayo announced that Staff filed two rule-makings that were previously authorized by the Board. Interim Administrator Tamayo stated that the first rule deals with a mechanism and standards to surrender a Suppliers License, the second rule deals with the procedures and standards for removing someone from the Board’s exclusion list.

Owner Licensee Items

Par-A-Dice Casino/Boyd Gaming – Request to Refinance Current Credit Facility – Donna More, Attorney, was present on behalf of Par-A-Dice Gaming Corporation and Boyd Gaming Corporation to request initial consideration to refinance Par-A-Dice Casino/Boyd Gaming’s current credit facility.

Ms. More stated that she has provided Staff with documents to review. Ms. More stated that Par-A-Dice Casino/Boyd Gaming will cooperate with Staff and answer any questions or concerns that they may have.

Empress Casino, Joliet – Waiver of Two-Meeting Rule and Request to Sell Vessel – James Butler, Corporate Counsel, was present on behalf of Empress Casino, Joliet to request that the Board waive the Two-Meeting Rule. Mr. Butler stated that Empress is ready to sell one of its two vessels. Mr. Butler stated that the Empress barge project was completed last May, which replaced Empress’ two vessels with one barge operation. Mr. Butler stated that as a result of the replacement, the two vessels that Empress had were placed for sale with a broker. Mr. Butler stated that Empress is requesting a waiver of the Two-Meeting rule today because Empress has a willing buyer, who is ready to buy the vessel now. Mr. Butler stated that Empress would like to close this transaction in April.

Member Peterlin moved that **the Board waive the two meeting requirement of Board Rule 3000.105(e) and permit Empress Casino, Inc. to present for Board approval its**

request for sale of vessel. Member Fanning seconded the motion. The Board approved the motion unanimously by voice vote.

Mr. Butler stated that Empress has executed an agreement of sale for the Empress Vessel #2 to Palm Beach Empress, Inc. subject to the Board's approval. Mr. Butler stated that the purchase price is \$3.8 million dollars. Mr. Butler stated that Empress has received a \$380 thousand dollar deposit. Mr. Butler stated that Palm Beach has performed their inspection, Argosy and Empress has done its due diligence, which Empress has shared with Staff, and Empress has answered all questions that Staff has raised concerning the sale.

Based on Staff's investigation and recommendation, Member Clark moved that **the Board approve Empress Casino Inc.'s request to sell the M/V Empress II consistent with the terms of the purchase and sale agreement executed by Empress Casino, Inc. and Palm Beach Empress, Inc.**

Further, Member Clark moved that **the Board delegate to the administrator, under Board Rule 3000.230(d)(2), final approval of the transaction upon execution of the appropriate documentation.** Member Fanning seconded the motion. The Board approved the motion unanimously by voice vote.

Public Commentary

Tom Swoik, Executive Director, Illinois Casino Gaming Association, was present. Mr. Swoik thanked the Board and Staff for allowing the Illinois casinos to get TITO. Mr. Swoik was present to discuss how the casino industry is good for Illinois' economy. Mr. Swoik briefed the Board on the goods and services that were provided by vendors in the State of Illinois during the year 2004.

Mr. Swoik introduced Doug Whitley, President of the Illinois Chamber.

Mr. Whitley expressed his concerns about the economy of the State of Illinois. Mr. Whitley briefed the Board on how the economic and job climate in the State of Illinois has changed over the last year.

Mr. Swoik stated that a couple of months ago Member Peterlin requested that the Illinois Casino Gaming Association develop a combined vendor list for the Illinois vendors that the casinos use. Mr. Swoik stated that the list was completed last week, and the eight member casinos are using that vendor list. Mr. Swoik stated that the eight Illinois casinos used 2279 Illinois vendors last year for the purchase of their goods and services.

Tom Grey, Executive Director, National Coalition Against Legalized Gambling, was present to discuss the Board's responsibility to regulate. Mr. Grey stated that the Illinois Gaming Board Act requires that the public confidence and trust in the credibility and integrity of gambling operations and regulatory process be maintained. Mr. Grey stated that the only way

the citizens of the State of Illinois can have confidence is if the citizens believe that there is integrity in operations of the regulatory process.

Mr. Grey pointed out that the Act also talks about regulatory provisions that are designed to strictly regulate the facilities, persons, association, and practices. Mr. Grey stated that that means every aspect should be regulated – including the community.

Mr. Grey stated that it seems to him that the Board has welcomed the politics, and opened the door to the “outfit”. Mr. Grey stated that those reasons disqualify the Board from any further decision-making in which the public would have any confidence.

Derrick Mosley, Bringing About Reform, was present to express his support and respect for the Chairman and Board members and the decisions that they made regarding the 10th license. Mr. Mosley stated that in regards to the 10th license, he is very disappointed in what has developed. Mr. Mosley stated that he has a problem with the investigation of Isle of Capri and Rosemont. Mr. Mosley stated that an investigation after the fact is a waste of the taxpayers money. Mr. Mosley stated that he feels that the call for an investigation is “political grandstanding.” Mr. Mosley stated that he is very confident that once the investigation is complete, Rosemont will be cleared.

Mr. Mosley expressed his concern with people who use their position of power for their own personal agenda such as Senator Emil Jones, who was an advocate of Chairman Higginbottom, but the moment the winner of the 10th license was chosen, Senator Jones questioned Chairman Higginbottom’s integrity.

James Blue, Citizens of Des Plaines Against Gambling Expansion was present to discuss the City of Des Plaines and why it should not be chosen for the 10th license in the event that Isle of Capri is found unsuitable to hold keep the license.

Mr. Blue stated noted that there are allegations of a link between a City of Des Plaines staff member and organized crime. Mr. Blue stated that if the situation develops to where the City of Des Plaines is once again being considered for a license, the citizens of Des Plaines would like to call upon the Board to utilize the talent of the Staff to conduct a very thorough investigation.

Board Members Comments

In response to Attorney General Lisa Madigan’s request, each Board member provided the following explanations as to why they made the decision that they did regarding the 10th license:

Chairman Elzie Higginbottom

Chairman Higginbottom stated that the Board took time away from its businesses and busy schedules to serve the people of the State of Illinois. Chairman Higginbottom stated that he

does not intend to change his career in the real estate business to go into the gaming business. Chairman Higginbottom stated that he does not intend to benefit in any way from the Board's decision. Chairman Higginbottom stated that he does not have "a horse in this race." Chairman Higginbottom stated that he voted in what he thought was the best interest of the people of the State of Illinois. Chairman Higginbottom stated that the Board would send the Attorney General a more formal letter with a copy of the Board members' rational as to how they voted.

Chairman Higginbottom stated that the Board did not ignore its Staff. Chairman Higginbottom stated that he resents the fact that people said that the Board ignored its Staff. Chairman Higginbottom stated that maybe the Board did not agree with everything that Staff presented to the Board, but the Board did not ignore Staff. Chairman Higginbottom stated that he has said time and time again how much respect that he has for the very professional Staff that the Board has. Chairman Higginbottom stated that he has been criticized by members of the press as well as the Board's own Staff members for making a statement that the Staff is bureaucrats. Chairman Higginbottom stated that if you look up the word bureaucrat in the dictionary, it is not derogatory in any matter, as a matter of fact, it is complimentary. Chairman Higginbottom stated that any individual who can follow a very rigid set of forms and conditions is a very competent, capable individual.

Chairman Higginbottom stated to Staff that they are aware of how much respect that he has for them and how hard he has worked with them to arrive at this point. Chairman Higginbottom stated that he has not always agreed with Staff, but in this one particular case where the Board does not agree with Staff, a big issue is made out of it. Chairman Higginbottom stated that no one makes a big issue when the Board and Staff do not agree on other things. Chairman Higginbottom stated that he is at a loss for trying to understand what people mean. Chairman Higginbottom stated that the public, press, and everyone else needs to understand that his vote was in the best interest of the people of the State of Illinois.

Chairman Higginbottom stated that he has a great deal of respect for Attorney General Lisa Madigan. Chairman Higginbottom stated that the Attorney General took over the process. Chairman Higginbottom stated that the Attorney General crafted a document that was acceptable to her, the Board, Emerald Casino, Inc., and the bankruptcy judge. Chairman Higginbottom commended the Attorney General for the terrific job that she did.

Chairman Higginbottom stated that the process was a fair, open and competitive process that was completely transparent. Chairman Higginbottom stated that he resents the kind of implications that there was fix in the process. Chairman Higginbottom stated that he has worked too hard and spent too many years in this community developing his career and reputation to let someone that he does not even know destroy it. Chairman Higginbottom stated that he has never met Mayor Stephens or any of the people at the Isle of Capri. Chairman Higginbottom stated that he does know almost all of the investors in the other two proposals.

Chairman Higginbottom stated that he agrees that it is not the Board's responsibility to fill the hole in the budget of the State of Illinois; however, if there is a process that permits a windfall, he believes that the windfall should be maximized. Chairman Higginbottom stated that when you think about the fact that the Isle of Capri deal paid \$42 million dollars more to the State of Illinois, you also think about the number of community health centers and daycare centers that the \$42 million dollars would go towards funding.

Chairman Higginbottom stated that he agrees that the Board has a very competent and capable Staff. Chairman Higginbottom stated that Staff has a system in place for catching people who commit infractions at the facilities that the Board regulates.

Chairman Higginbottom stated that the reason that the Board is here today is because the system worked. Chairman Higginbottom stated that Emerald Casino, Inc. was "playing around" and the very competent and capable Staff caught Emerald Casino, Inc. and moved to revoke their license. Chairman Higginbottom stated that he resents the fact that the press has everybody "at each other's throat." Chairman Higginbottom urged the media to let the system work. Chairman Higginbottom stated that the license is not forever – it is a one-year license. Chairman Higginbottom stated that if there are any infractions of the Board's rules and regulations, Isle of Capri would be dealt with appropriately.

Chairman Higginbottom stated that his term on this Board will be expiring soon and he does not know whether or not he would even consider being re-appointed. Chairman Higginbottom stated that he took the job because he was a citizen of this great State and he felt that he needed to give something back. Chairman Higginbottom stated that when he considers all of the hassle that he and his family had to go through as a result of all of this unfavorable media attention and the bickering back and forth, he realizes that perhaps he should not give something back by serving on the Board.

Chairman Higginbottom urged the media and politicians to be careful because pretty soon they would not be able to find a decent individual who would want to sit on a Board and oversee a bureaucracy.

Chairman Higginbottom stated that he does not have an agenda, he does not have a "horse in this race." Chairman Higginbottom stated that he wants to do what's good for the people of the State of Illinois. Chairman Higginbottom stated that with the budget crunch in Illinois, the selection that the Board made was proper and appropriate.

Chairman Higginbottom stated that the Board oversees nine other facilities. Chairman Higginbottom stated that the public has not heard any kind of improprieties in those facilities that the Board has not dealt with.

Chairman Higginbottom stated that if you have three finalists and only have one available license, there is going to be two people that will be upset, especially with the amount of money that is at stake.

Member William Dugan

Member Dugan stated that after the Board took the vote on the 10th license, the Attorney General stated that she would like to meet with the Board to find out why the Board voted the way that they did. Member Dugan stated that he didn't have a problem with that.

Member Dugan stated that Member Higginbottom sent a letter to the Attorney General informing her of today's (April 8, 2004) meeting and that she is welcome to come and talk to the Board in Closed session. Member Dugan stated that the Attorney General declined the offer to meet in Closed session because she felt that there had been enough meetings held in Closed session. Member Dugan stated that he does not know exactly what the Attorney General meant by saying that there had been enough meetings held in Closed session, but there is nothing that goes on in Closed session that he would be ashamed to talk about in the Open session. Member Dugan stated that every Closed session meeting is taped. Member Dugan stated that the Attorney General could hear the tapes anytime that she wants. Member Dugan stated that the Attorney General said that she would attend the Open session portion of today's (April 8, 2004) meeting. Member Dugan stated that the Board showed up but the Attorney General did not.

Member Dugan stated that the Board had an agreement put together a year ago. Member Dugan stated that when the agreement was put together, he thought that the Board had finally got the job done that the Board was put here to do. Member Dugan stated that when it came down to the analysis that the Board approved, the Attorney General said that she wasn't completely satisfied and that she wanted an audit done. Member Dugan stated that the Board did the audit, which cost the State \$25,000. Member Dugan stated that after the audit was conducted, the Board thought that they were finally ready to move forward. Member Dugan stated that the Attorney General put five more things on the table. Member Dugan stated that the Board asked that the Attorney General put those five things in writing. Member Dugan stated that it took another month to get a letter back from the Attorney General with those five things in writing. Member Dugan stated that he has come to the conclusion that he does not think that the Attorney General wants a license up and running in the State of Illinois – at least not right now. Member Dugan stated that if the State received \$400 million more dollars, maybe the Governor could take that money and start building roads, fixing schools, and building bridges for the construction workers. Member Dugan stated that if the Governor could get the money and put it to work, it might make him look good. Member Dugan stated that maybe the Attorney General does not want the Governor to look good.

Member Dugan stated that he has traveled the north side of Chicago from Irving Park north all the way up to the Wisconsin line for 24 years – that was his district. Member Dugan stated that he knows Rosemont and the surrounding areas well. Member Dugan stated that there is not a doubt in his mind that a casino in Rosemont would accumulate more money for the State of Illinois than any other possible location that the Board could pick.

Member Dugan stated that every year that goes by and the Board does not have a casino up and running will cost the State hundreds of millions of dollars. Member Dugan asked why would the State lose the money when it doesn't have to.

Member Dugan stated that he is very disappointed in the Attorney General. Member Dugan stated to the media and the public that the Governor will probably get his five minutes in the media to explain his side, the Attorney General will get her five minutes in the media to explain her side, and that he would probably only get a minute in the media to explain his side. Member Dugan stated that at least his one minute would be the truth.

Member Violet Clark

Member Clark read the following statement in response Attorney General Lisa Madigan's inquiries as to why the Board selected Isle of Capri as the final bidder:

In June 2002, I was appointed to the Illinois Gaming Board. At that time I took an oath, and pledged that I would serve and conduct business in the best interest of the people of the State of Illinois. Throughout my tenure on the board, I have done exactly as I promised.

On March 15, 2004, I made the single most difficult and complicated decision of my term. On that day, based on the consideration of more than 15 different factors, I decided to vote to select Isle of Capri Casinos, Inc. as the winning bid for the purchase of Emerald Casino Inc., and the state's 10th gaming license.

My decision was based, in significant part, on the following: first, the bidding procedures used to sell Emerald were approved by the Attorney General's office, the Gaming Board, and the bankruptcy court. Those procedures provided for the appointment of an independent, experienced investment banker to oversee the sale of Emerald.

The bankruptcy court, with the approval of the Attorney General and this Board, appointed the New York City firm, Rothschild Inc. as the court appointed investment banker. In accordance with the bidding procedures, Rothschild had an obligation to select not only the highest, but in its expert and professional opinion, the best bid for the purchase of Emerald and the 10th gaming license.

The bidding procedures called for a three-stage process. The first stage involved the solicitation of binding proposals from gaming companies interested in bidding on Emerald. After the initial submission of bids, the bidding procedures required this board to select the top three bids from those initially submitted and to designate one of the final three bids as the leading bid. Thereafter, the bidding procedures provided for an auction among the final three bidders. At the conclusion of the auction, the court-appointed investment banker was then required to recommend the highest and best bid. Also, pursuant to the bidding procedures, the Board was to designate the bidder chosen by Rothschild as the winning bid. Failure to do

so would have required the Board to issue a written statement detailing the reasons we did not accept the investment banker's recommendation.

After a careful and thorough review of Rothschild's recommendation and an independent review of the regulatory factors, I decided to adopt Rothschild's recommendation.

The second significant factor in my decision was that the Isle of Capri bid results in the state receiving the most money when the sale closes and during the first five years after Isle of Capri begins its operations. The final three bids were as follows: Isle of Capri in Rosemont bid \$518 million; Harrah's in Waukegan bid \$520 million and Midwest gaming in Des Plaines bid \$476 million.

In my opinion, the Isle of Capri bid was better than the Midwest bid in the following respects: first, the Isle of Capri bid exceeded the Midwest bid by \$42 million. In addition, Isle of Capri was able to secure the commitment from Rosemont to forego its \$45 million claim for the garage construction if Isle of Capri's bid prevailed. This resulted in a total of \$87 million more to the state than was provided by the Midwest bid.

Second, the Isle of Capri bid guaranteed that the casino would be up and running within eight months and guaranteed a late payment of \$500,000 per day as a late penalty, subject to an aggregate cap of \$105 million, for each day over the estimated eight-month deadline. Midwest did not match the guarantee and did not offer an estimate of when it would be up and running.

Similarly, the Isle of Capri bid was better than the Harrah's bid. Although the Harrah's bid was \$2 million dollars higher than the Isle bid, it did not account for the \$45 million dollar liability. The net effect, therefore, was that the Isle of Capri bid resulted in \$43 million dollars more being contributed to the state than the Harrah's bid.

In addition, the Isle of Capri bid resulted in the license becoming operational in the shortest time frame. Again, the Isle of Capri bid guaranteed that the casino would be operational within in eight months. In contrast, the Harrah's bid estimated that it would take an additional four months (a total of one year) to become operational.

Finally, the Isle of Capri bid promised more tax revenues to the state overall than did the Harrah's bid.

The Isle of Capri bid was better than both the Harrah's bid and the Midwest bid in the following additonal respects. First by locating to Rosemont, the Isle of Capri offered an already existing infrastructure (for example, the convention center, Allstate arena, existing hotels, etc...) which neither Harrah's nor the Midwest bids could match.

Second, the Isle of Capri bid resulted in Rosemont agreeing to share 80% of its tax revenue with 71 municipalities as compared to Waukegan sharing 25% of its tax revenue with 5 municipalities and Des Plaines sharing 25% of its tax revenue with 10 municipalities.

In addition, the Isle of Capri revenue sharing proposal will likely serve approximately 39,500 families living at or near the poverty level, as compared to only 4,200 with the Midwest bid.

The third significant factor in my decision is Isle of Capri's proven track record of employing women and minorities in upper level and/ or managerial positions throughout the company. According to Isle of Capri's bid, 56% of its employees are women. In addition, 30% of Isle of Capri's managers are women. Further, minorities represent 42% of Isle of Capri's employees and 25% of its management. More significantly, women and minorities combined represent 24% of Isle of Capri's general managers.

These facts are not significant only because they evidence Isle of Capri's commitment to affirmative action. They are significant because one of the regulatory factors considered was "economic development." Although revenue sharing is one way to enhance economic development, it is not the only way. Another way to enhance economic development is to put money directly in the hands of the residents of the state of Illinois by creating job opportunities at all levels of the organization. Gaming is in an extremely lucrative industry. However, the vast majority of the women and minorities employed in the industry in Illinois are in lower level, and less skilled positions. Although most companies promote from within, a disproportionately few women and minorities manage to rise to the upper levels especially on the operations side. As Isle of Capri has shown, it does not have to be this way.

On March 25th, I received a letter from the Attorney General, Lisa Madigan asking me to answer five questions. The first question was: "why was Rosemont favored?" My response is Rosemont was not favored. As set forth above, I followed Rothschild's recommendation and selected Isle of Capri's bid as being the best for the state of Illinois.

The attorney general also states that "Rosemont had an advantage over other bidders based solely on its prior conduct." Contrary to that statement, Rosemont was not a bidder. Isle of Capri was the bidder. As far as I know, Isle of Capri had not engaged in any prior conduct that would disqualify it from being selected. The Attorney General seems to suggest that the board should hold Isle of Capri responsible for Emerald's conduct. I am not willing to do that. She also suggests that the board should have "punished" Rosemont for its contracting with Emerald by not selecting the Isle of Capri bid. However, Isle of Capri was not involved in that transaction. Therefore, the failure to select Isle of Capri on that basis, in my opinion, would have, been inappropriate and would have resulted in punishing it for something in which it was not involved. I refuse to do that too.

Finally, the Attorney General states that if the Board was going to use the fact that Rosemont is a place of destination as one of the criteria, "the bidders should have been informed of this factor." Similarly, if the Attorney General is going to reject Rosemont as an acceptable location for the 10th license based on information she has as the result of the Emerald litigation, this too should have been communicated to all of the bidders at the beginning of the auction process.

The second question presented was: “why were the IGB staff recommendations ignored?” This question assumes that I ignored the Staff’s recommendations. I did not.

I have a great deal of respect for all of the Gaming Board staff. The staff has done a tremendous job dealing with some very difficult issues. The staff has put in countless hours reading through all of the documents, interviewing bidders, etc.

I spent a significant number hours reviewing the staff recommendations and supporting documents and discussing them with Staff and other Board members during the many meetings we had related to the bidding process. However, in this case, I chose not to follow the Staff’s recommendation with respect to the selection of the Isle of Capri bid. The reasons that I did not follow the staff’s recommendation include: one, the bidding procedures required the Board to adopt the recommendation of Rothschild, which I agreed with and did. Two, I felt that if I followed the Staff’s recommendation I would have been punishing Isle of Capri for the conduct of Emerald.

Further, in my opinion, several of the issues raised by the Staff were more appropriately considered during the suitability phase of the process. In other words, to me, the selection of the best bid and the suitability of the bidder are independent and are subject to different processes. Therefore, the fact that I believe that the Isle of Capri bid is the best bid, does not have an impact on the suitability investigation. That will follow after the bankruptcy case is resolved and Isle of Capri is able to submit an application for the license to the Gaming Board and a full suitability investigation is completed.

The third question asked was: “how did the board overcome the evidence of problems with Rosemont?”

During the bidding process I was not presented with any evidence of Rosemont related problems concerning Isle of Capri. As I previously stated, it is my opinion that those issues are more appropriate for the suitability phase of the process.

In addition, to the extent there are concerns going forward about Rosemont as an appropriate location, as the regulatory body, the Board can require Isle of Capri, as its licensee, to provide additional safeguards to ensure that any concerns are addressed.

The fourth question asked was: “how has the IGB addressed concerns regarding the suitability of the Goldstein family and how will the IGB address these issues during the suitability review?”

As the question suggests, the appropriate time to address the issues raised about Mr. Goldstein and his family is during the suitability investigation. However, based on the information that I had from the Gaming Board staff at the time I made my decision, the fines that have been levied against Mr. Goldstein are not unusual in the gaming industry. In fact, current licensees have had significantly higher fines assessed against them for similar

conduct. However, these issues will be examined by the staff in detail during the suitability review.

The final question asked was: “has the IGB addressed the Isle of Capri’s serious financial concerns and how will the IGB address these issues in the suitability review?”

Again, as the question suggests, an additional analysis of Isle of Capri’s financial position will be undertaken as part of the suitability determination. However, with respect to the company’s financial status, the fact that Isle of Capri’s bankers and financial advisors were present throughout the auction process and supported its bid, coupled with the fact that Rothschild recommended Isle of Capri notwithstanding the financial concerns are persuasive. Therefore, I decided that notwithstanding the issues regarding Isle of Capri’s financial position, the selection of the Isle of Capri bid was in the best interest of the State of Illinois.

On March 15th, I voted to accept the Isle of Capri bid for the purchase of Emerald and of the 10th casino license. It was a good decision when I made it and notwithstanding all of the criticism and all of the attacks that have been leveled against me and the other members of this Board, it remains a good decision today.

Member William Fanning

Member Fanning stated that the Board was asked what it was thinking when it made its decision. Member Fanning stated that he was thinking of the legislative intent. Member Fanning stated that Section 2(a) of the Riverboat Gambling Act was amended on June 20, 2003. Member Fanning read from Section 2(a) of the Riverboat Gambling Act that the Act is intended to benefit the people of the State of Illinois by assisting economic development, promoting Illinois tourism, and by increasing the amount of revenues to the State to assist and support education. Member Fanning stated that he took that as a challenge. Member Fanning stated that on March 15, 2004, the Board walked into the Gaming Board office and Staff had assembled the numerous amount of reports into a logical format that the Board could use. Member Fanning stated that the information that Staff provided were comments as it related to the specific items that were addressed either in the Riverboat Gambling Act or voiced by fellow Board members as important. Member Fanning stated that he tried to address the intent of the Riverboat Gambling Act.

Member Fanning stated that in regards to the increased amount of revenues available to the State, his thoughts were that the financial projections provided by the Staff indicated that the Isle of Capri’s proposal would provide the most money to the State initially. Member Fanning stated that over a ten-year period, Midwest Gaming’s proposal would offer the most money to the State. Member Fanning stated that Harrah’s proposal was projected to provide the least amount of money to the State over a ten-year period. Member Fanning stated that when you prepare a projection you have to work with a couple of assumptions. Member Fanning stated that one of the assumptions is how many people are going to go into the casino, and the other assumption is how much money are people going to lose in the casino. Member Fanning stated that as you look at the numbers used in the projections, the

Rosemont location over a ten-year period is 10 million more people than the Midwest location. Member Fanning stated that Harrah's was again far behind. Member Fanning stated that Rosemont was having 10 million more people come into their casino over a ten-year period. Member Fanning stated that to him it makes sense for Isle of Capri to be selected as the winning bid. Member Fanning stated that the Convention Center is right across the street from the casino. Member Fanning stated that with the Convention Center across the street and people flying in everyday to have business meetings at the Convention Center, those same people will be looking for something to do at night. Member Fanning stated that after they have a steak at Gibsons, they might wander over to the casino. Member Fanning stated that it makes sense to him that there may be more people at the Rosemont facility than up the road in Des Plaines and further up the road at Harrah's. Member Fanning stated that what didn't make sense is that for some odd reason, the people had anticipated to lose \$18 per person less in Rosemont than in Des Plaines. Member Fanning stated that the casinos would be catering to the exact same clientele, so how could they possibly lose \$18 less. Member Fanning stated that when you take the assumption that Rosemont is going after the same people, will have the same patrons and losing the same amount of money, those 10 million extra patrons over ten years produce a significant larger amount of money to the State of Illinois as opposed to Des Plaines. Member Fanning stated that based on that information was the reason why he felt that the Isle of Capri proposal would provide the most revenue to the State of Illinois.

Member Fanning stated that on the point of economic development, he thought that clearly Waukegan needed more than the other two locations. Member Fanning stated that his concern about Waukegan was that there would have been a market within a 15-mile radius of the site. Member Fanning stated that he was concerned about the people within the radius of the site and the heightened level of unemployment in that area. Member Fanning stated that he felt that those people would be enticed and tempted to the casino and were the least able to go there and lose their money. Member Fanning stated that he thought that the Board would be doing a social injustice by putting a temptation right within the area where Harrah's was going to market. Member Fanning stated that Harrah's later stated that they were going to do a 25-mile radius, but again it would be too much of a temptation. Member Fanning stated that Harrah's also thought that 30% of its attendants would be coming from Wisconsin. Member Fanning stated that he was concerned that if in fact that did happen, Wisconsin wouldn't stand for it for long and would put up a casino at the boarder, which would truly jeopardize the operation at the Waukegan site. Member Fanning stated that Harrah's wanted to be a destination site, but to be a destination site you have to have hotels and reasons other than the casino to come there, which Harrah's said would come in two stages. Member Fanning stated that he was concerned that Harrah's would not get to stage two. Member Fanning stated that it was based on that, among other things, that he could not vote for Harrah's.

Member Fanning stated that he didn't choose Des Plaines because he felt that Rosemont had a better opportunity to be immediately successful. Member Fanning stated that by saying that he does not mean that Rosemont has the parking facility already up, or that they will be open in nine months as opposed to twelve months. Member Fanning stated that the casino is

going to have 1200 gaming positions. Member Fanning stated that Rosemont has 6000 hotel rooms. Member Fanning stated that to his knowledge, Des Plaines does not have any hotels. Member Fanning stated that if 10% of the people come out of the hotels at night in Rosemont and go over to the casino, that's half of the casino. Member Fanning stated that many of the hotel rooms are in walking distance. Member Fanning stated that he thinks that it is fair to assume that these people are out-of-state people. Member Fanning stated that everyone's concern is about Illinois taxpayers losing money at the casino. Member Fanning stated that if these are people coming in from other states and losing money, it is a win-win situation for the state – it's "fresh money."

Member Fanning stated that he felt that the Convention Center would benefit greatly from the casino. Member Fanning stated that Illinois has been losing convention business to other states in recent years. Member Fanning stated that he felt that the casino would bring some of the business back to the State of Illinois. Member Fanning stated that studies indicate that the more that is available for convention attendants to do after hours, the more demand for the conventions at that site.

Member Fanning stated that regarding the Goldstein family and their suitability, the fines are the "muscle" to enforce the compliance in this industry. Member Fanning stated that to his understanding, the Goldsteins being banned from operating in Illinois has been based on one person's recollection of a conversation that might have taken place, and possibly never even communicated some ten years ago. Member Fanning stated that nothing was found committed to writing about such a serious accusation, and Staff never raised any concerns. Member Fanning stated that on March 15th a comment was made that the Goldstein family is not a major sinner compared to some of the other fines levied in the State on existing operators in good standing.

Member Fanning stated that regarding the financial concerns of the Isle of Capri, it didn't preclude Rothschild from recommending them. Member Fanning stated that he considers Rothschild the expert and did not give great consideration to the decision. Member Fanning stated that he subsequently found out that the Isle of Capri's finances and ratios are in fact better than some of the major resorts in Las Vegas. Member Fanning stated that the ratings industry reaffirmed their ratings shortly after the March 15th decision was made. Member Fanning stated that it is his understanding that Isle of Capri recently did some refinancing at 7%. Member Fanning stated that the Attorney General referred to Isle of Capri's credit rating as junk. Member Fanning stated that he read that Donald Trump's casinos are currently paying 12%. Member Fanning stated that apparently junk is a term that includes 7%. Member Fanning stated that he thought that 7% was a good rating.

Member Gary Peterlin

Member Peterlin stated that he was not asked to respond by the Attorney General because he responded differently than the other Board members.

Member Peterlin stated that originally the Illinois Gaming Board Act stated that the Act is intended to benefit the people in the State of Illinois by assisting economic development and promoting Illinois tourism. Member Peterlin stated that the amended Act adds that it is intended to benefit the people in the State of Illinois by increasing the amount of revenues available to the State, to assist and support education. Member Peterlin stated that the State of Illinois is on a money chase and there are a lot of expectations that gaming is going to produce money to fill the gaps in the budget. Member Peterlin stated that unfortunately, money has become too important with respect to legislative intent and often times when you look at money as the main goal, it can very easily overshadow some of the other concerns that are also part of the legislative intent. Member Peterlin stated that the Board is at a crossroad in gaming today. Member Peterlin stated that the Board has worked very hard. Member Peterlin stated over the past year or so, he has been told that the Board is going to be absorbed into another agency, gaming is going to be regulated by another agency or that the Board is going to be gone. Member Peterlin stated that the constant during all of that is that the Board kept working. Member Peterlin stated that the constant during all of that is that Staff kept working very hard. Member Peterlin stated that the Board is very diverse. Member Peterlin stated that the reasons that the Board gave for the decision in choosing Isle of Capri were very well thought out. Member Peterlin stated that he has been impressed with the things that the Board had to say and he has been impressed with them as Board members.

Member Peterlin stated that he has been impressed with Staff. Member Peterlin stated that as a Board they are all impressed with Staff. Member Peterlin stated that Staff is headed by Interim Administrator Jeannette Tamayo. Member Peterlin stated that the Board voted months ago to increase Interim Administrator Tamayo's pay but it has not happened. Member Peterlin stated that Mark Ostrowski, who is head of the Legal department, is a veteran lawyer of 15 years. Member Peterlin stated that Jim Wagner heads up the Investigations department, who is a 31-year veteran of the FBI, with 30 years covering organized crime. Member Peterlin stated that Mr. Wagner is understaffed right now. Member Peterlin stated that Joe Haughey led the Enforcement division and is a 25-year member of the Chicago Police Department, with the last eight years spent with the Illinois State Police. Member Peterlin stated that Mr. Haughey is also a licensed attorney. Member Peterlin stated that Mr. Haughey has been terminated from the Gaming Board, but no reasons were given. Member Peterlin stated that he understands that a nice gentleman, Luis Tigera, was sent to replace Mr. Haughey and that the Board has no issue with him because he will be needed with all the work that needs to be done. Member Peterlin asked why are people being replaced with no reasons. Member Peterlin asked why are so many employees being replaced when there is so much work to be done. Member Peterlin asked why is it that the Gaming Board is so understaffed, and why are there continuous staff reductions. Member Peterlin stated that if the Board is going to continue to adequately and competently police gaming in Illinois, the Board has to make sure that the regulatory process is in place with competent, caring, dedicated Staff. Member Peterlin stated that Board members will come and go, but the institutional memory and the stability in gaming will be the Staff. Member Peterlin stated that it is very important that Staff aren't pushed aside or replaced without reason. Member Peterlin stated that Staff must remain above politics, remain above reproach, and remain independent. Member Peterlin stated Robert Shapiro, Special Assistant

Attorney General, was conducting work on the Board's behalf and all of a sudden the Board was told that Mr. Shaprio shouldn't be involved anymore, and that he should be replaced. Member Peterlin stated that the Board said "no" to that. Member Peterlin stated that the Board has to have some control over its staff.

Member Peterlin stated that Staff is negotiating with Emerald. Member Peterlin stated that Staff has been going to meetings and all of a sudden a non-employee, who does not work for state government, becomes the person leading at the negotiation table. Member Peterlin asked what does that say to Staff, to the industry and to the people who are observing the gaming industry. Member Peterlin stated that he feels that it was a real slap in the face to Staff.

Member Peterlin stated that Staff has work to do – the suitability phase still has to be completed. Member Peterlin stated that nine present licenses have to be constantly regulated, 23 suppliers have to be regulated. Member Peterlin stated that every employee that works in gaming has to be passed over and checked on initially and then there has to be constant supervision. Member Peterlin stated that it is a tremendous amount of work that needs to be done. Member Peterlin stated that if the Board and Staff are not allowed to have the adequate number of people in place and if they are replaced without reason, the Board has a very weak point in the area of regulation. Member Peterlin stated that if the Board has a weak point that is created by some of the staffing issues and concerns, that is the time that unwanted forces can seize opportunity and take control. Member Peterlin stated that Illinois doesn't want that, they want their gaming to be of highest integrity and public confidence. Member Peterlin stated that the Act demands that the Board has credibility, integrity and public confidence. Member Peterlin stated that to have anything less than that would be letting down the public.

Member Peterlin stated that he feels that the Board has to concentrate on making sure that Staff is adequately provided with what they need, that the adequate training is there, the time frames are there, and that they are allowed to do their job. Member Peterlin stated that the Board has confidence in Staff, though they may not always agree with them, but that's independence. Member Peterlin stated that in dealing with the Board, Staff has the confidence to speak out and make the recommendations. Member Peterlin stated that they must continue to have that confidence and continue to be allowed to do that.

Member Peterlin thanked Staff for the hard work that they are doing and welcomed Luis Tigera, Deputy Administrator of Enforcement. Member Peterlin stated that he was sorry to see Joseph Haughey, former Deputy Administrator of Enforcement, leave.

Member Peterlin told Staff to hang in there. Member Peterlin stated that Staff should have job security, confidence, and should know why they are being replaced.

Chairman Elzie Higginbottom

Chairman Higginbottom stated that he would like to echo all of the Board members' comments, from Member Peterlin's comments to Member Dugan's comments. Chairman Higginbottom stated that when you look at the Board, you see a very diverse Board – people who come from all different walks of life, people who are trying to do the best for the citizens for the State of Illinois.

Chairman Higginbottom stated that there are those who will take what was said today and put a spin on it so that it would meet their goals and objectives. Chairman Higginbottom stated that the five people that made the decision for the citizens of the State of Illinois made the decision with a great deal of thought, input, and a true belief that if you put a forty-thousand square foot facility in Rosemont, the Board would be able to manage it and make sure that the facility offers confidence to the Gaming Board.

Chairman Higginbottom stated that a location in Rosemont is clearly the best location. Chairman Higginbottom stated that his background is in the real estate business. Chairman Higginbottom stated that in the real estate business there are three key principals: location, location, and location. Chairman Higginbottom stated that in his opinion as a real estate man, the facility in Rosemont would produce more revenue than any other facility.

Chairman Higginbottom stated that there are people who are going to say that the facility in Rosemont is going to be “mobbed up.” Chairman Higginbottom stated that he submits to the public that if the Board moves forward with the facility, it would not be “mobbed up” because of the men and women in Staff. Chairman Higginbottom stated that if you put a facility anywhere and it is not properly regulated, the mob will move in. Chairman Higginbottom stated that the mob is mobile – they do not just sit in one spot.

Chairman Higginbottom opened the meeting for the media to ask the Board members questions.

Chairman Higginbottom apologized to the public, the press, and Attorney General Lisa Madigan for the Board not having this type of forum when the announcement was made regarding the winning bidder for the 10th license. Chairman Higginbottom stated that the Board felt that they did have a press conference that was adequate.

In response to why the Board disagreed with Staff's recommendation on the Country Club Hills proposal, which would have shared revenue and provided jobs to some of the poorest towns in the country, Member Fanning stated that Country Club Hills offer was at least \$100 million dollars less than the other bids. Member Fanning stated that it seemed apparent to the Board that Country Club Hills gave it their best shot with the initial offer. Member Fanning stated that if Country Club Hills had been selected to go to the auction process, the Board's collective thought was that they would not be able to significantly increase their offer.

Chairman Higginbottom stated that five communities in the Rosemont site are the same communities that would have been included in the Country Club Hills site. Chairman

Higginbottom stated that those communities come from the lowest end of the economic level.

Chairman Higginbottom stated that if you look at the median income in Country Club Hills, it is higher than the median income in both Rosemont and Waukegan. Chairman Higginbottom stated that those statistics would make one believe that Country Club Hills is a little bit better off than people are saying it is – that is not to say that Country Club Hills is not in need.

When asked if the Board was surprised by the letter and the questions that were asked by the Attorney General, Chairman Higginbottom stated that he felt that the letter offered a challenge. Chairman Higginbottom stated that the Attorney General represents the people of the State of Illinois, as the Board does. Chairman Higginbottom stated that the Attorney General is within her right to ask the Board to justify its decision.

When asked if the Board should have raised any of the Attorney General's concerns earlier, Chairman Higginbottom stated that he believes that if the Attorney General had concerns regarding Rosemont, and did not want Rosemont to be involved in the process, the Attorney General should have indicated it during the time that the settlement was being negotiated. Chairman Higginbottom stated that the Attorney General, as well as the Board, said that any community in the State of Illinois is eligible to house the 10th license. Chairman Higginbottom stated that it is the responsibility of the Gaming Board to regulate that facility and make sure that unsavory influences do not infiltrate.

Chairman Higginbottom stated that the Gaming Board regulates nine other facilities in the State of Illinois, and the Attorney General does not ask the Board about those facilities. Chairman Higginbottom stated that he would hope that the Attorney General feels that the Board is doing a good job at regulating the nine other facilities.

Member Clark was asked if the \$45 million dollar garage built in Rosemont prior to approval by the Board factored into the Board's decision and, if so, if that could be looked at as rewarding someone for circumventing the Board. Member Clark stated that in her view Rosemont was not rewarded. Member Clark stated that Emerald has been punished for their role in the building of the garage. Member Clark stated that Emerald was the Board's licensee and they had the obligation at that time. Member Clark stated that she understands that Rosemont was involved; however, the citizens of Rosemont have actually ended up paying for that and they should not be punished. Member Clark stated that to ignore that the garage is there would be unrealistic.

Chairman Higginbottom stated that when he made his decision, he discounted the garage altogether.

Member Clark stated that in theory there was nothing to prevent Midwest, for example, from making a deal or working with Rosemont for the use of the garage since the proximity is so

close. Member Clark stated that the garage did not give Rosemont an advantage over the other locations.

In a question in reference to Mayor Donald Stephens and his acquittals, Chairman Higginbottom stated that the Board's job is to regulate a facility. Chairman Higginbottom stated that there are other agencies and other parts of government that would deal appropriately with Mr. Stephens. Chairman Higginbottom stated that if Mr. Stephens is doing something that is in violation of the law, those agencies would do their job.

Member Clark added that in her view, the Board was not able to do similar investigations with the other bidders. Member Clark stated that in her view, that is why the full investigation is appropriate at the suitability phase. Member Clark stated that anybody chosen would have to go through a detailed suitability phase. Member Clark stated that the Board did not have information from the other locations because they weren't subject to the prior Emerald connection; therefore, full consideration of that issue is more appropriate at another time.

The Board was asked when the Board and Staff received the subpoenas from the U.S. Attorney's Office pertaining to the Emerald Investigation, was there ever a concern that a federal investigation could impede Rosemont.

Member Clark stated that the Board had the information available and it was part of the process but she is not prepared to say at this time if it is or isn't a concern because for her the consideration will take place in the future.

Chairman Higginbottom stated that there were subpoenas and certainly there was concern by the Board. Chairman Higginbottom stated that suitability does not take place until there is an application for a license. Chairman Higginbottom stated that there cannot be an application for the Emerald license until after the bankruptcy court approves a reorganization plan.

Chairman Higginbottom stated that the Board did consider the subpoenas during the decision making process; however, the Board does not know if the issues that would come up would be adequate to cause this facility not to be located in Rosemont.

Member Peterlin was asked why he voted against Isle of Capri. Member Peterlin stated that the Board accessed all of the criteria in different ways and he came up with a different conclusion. Member Peterlin stated that there was no one particular reason why he voted the way he did. Member Peterlin stated that enforcement challenges at the major urban area was a consideration. Member Peterlin stated that some of the history of things that may have taken place in Rosemont was a consideration. Member Peterlin stated that the shortage of staff was an issue.

Member Peterlin expressed his concerns regarding the shortage of Staff.

The Board was asked if Rosemont is not disqualified due to allegations and convictions, what is to be said regarding Jack Binion, who did not have any convictions yet had his license revoked. The Board was asked if there are there two standards at work.

Chairman Higginbottom stated that Mr. Binion was a licensee and Rosemont is not the licensee. Chairman Higginbottom stated the licensee is Isle of Capri.

The Board was asked if the Staff finds Isle of Capri unsuitable, would the Board turn down Staff's recommendation.

Chairman Higginbottom stated that Staff can voice concerns about the Rosemont locations, and the Board would have to address that when the Board gets to that point. Chairman Higginbottom stated that at this particular point in time, the Board does not have sufficient data to address that.

A member of the meida stated that Attorney General Lisa Madigan said that the Board should consider the town that the 10th license would be located in. The Board was asked if they disagree with that statement, and if so, how do they reconcile that with the fact that the location (hotels and airports) was the primary factor in deciding who would get the 10th license. The Board was asked how they could consider the location in one setting but not in the other.

Member Clark stated that she looked at it in terms of what kinds of contracts and relationships does the licensee have with the town. Member Clark stated that in her view, Emerald ran into trouble with the contracts and relationships. Member Clark stated that to her knowledge, Isle of Capri does not have that problem and have specifically stated that to the extent that the Board has any concerns with respect to their contracts, documents, or otherwise, they would do whatever it takes to meet the Board's regulatory concerns.

Member Dugan was asked, based on his earlier response to the Attorney General's questions, if he felt that politics was driving the Attorney General.

Member Dugan stated that he feels that every time the Board would accomplish one thing, the Attorney General would lay something else on the table. Member Dugan stated that there has got to be a reason behind it; however, he does not know the reason. Member Dugan stated that his comments earlier were his personal opinion.

The Board was asked how devastating would it be to get to this point and not see a 10th license get up and running within the next two years.

Chairman Higginbottom stated that it would not be good for the taxpayers of the State of Illinois. Chairman Higginbottom stated that everything in society is dollars and cents. Chairman Higginbottom stated that everyone has budgets that they have to try to meet.

Chairman Higginbottom urged everyone to let the system work. Chairman Higginbottom stated that the system worked when it kicked the Flynns out of gaming in the State of Illinois when they acted improperly.

Chairman Higginbottom was asked if the Governor's administration attempted to dismiss any members of Staff, would he fight to keep them.

Chairman Higginbottom stated that he would fight, as he always has, for Staff. Chairman Higginbottom stated that if the Board does not get Staff, they would not open the facility.

At 5:56 P.M., Member Clark moved that **pursuant to Section 2 (c), paragraphs (1), (11), and (14) of the Open Meetings Act, the Board retire to Closed Session to discuss the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees; and**
- 3. Personnel matters.**

Member Fanning seconded the motion. The Board approved the motion unanimously by voice vote.

The Board adjourned at 6:34 P.M.

Respectfully submitted,
Monica Thomas

Secretary to the Board